

**Introduced by Senator Corbett**

February 18, 2010

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An act to amend Section 580b of the Code of Civil Procedure, relating to real property.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1178, as introduced, Corbett. Real property: deficiency judgments.

Existing law provides that no deficiency judgment lies in any event after a sale of real property or an estate for years for failure of the purchaser to complete the contract of sale, or under a mortgage or trust deed given to the vendor to secure payment of the balance of the purchase price of real property, or under a mortgage or trust deed on a dwelling, as specified, given to a lender to secure repayment of a loan which was in fact used to pay all or part of the purchase price of the dwelling.

This bill would provide that a loan used to pay all or part of the purchase price of real property or an estate for years includes subsequent loans, mortgages, or deeds of trust that refinance or modify the original loan, but only to the extent that the subsequent loan was used to pay debt incurred to acquire, construct, or substantially improve the real property.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 580b of the Code of Civil Procedure is
- 2 amended to read:

1     580b. No deficiency judgment shall lie in any event after a sale  
2 of real property or an estate for years therein for failure of the  
3 purchaser to complete his or her contract of sale, or under a deed  
4 of trust or mortgage given to the vendor to secure payment of the  
5 balance of the purchase price of that real property or estate for  
6 years therein, or under a deed of trust or mortgage on a dwelling  
7 for not more than four families given to a lender to secure  
8 repayment of a loan which was in fact used to pay all or part of  
9 the purchase price of that dwelling occupied, entirely or in part,  
10 by the purchaser.

11     Where both a chattel mortgage and a deed of trust or mortgage  
12 have been given to secure payment of the balance of the combined  
13 purchase price of both real and personal property, no deficiency  
14 judgment shall lie at any time under any one thereof if no  
15 deficiency judgment would lie under the deed of trust or mortgage  
16 on the real property or estate for years therein.

17     *For purposes of this section, a loan used to pay all or part of*  
18 *the purchase price of real property or an estate for years shall*  
19 *include subsequent loans, mortgages, or deeds of trust that*  
20 *refinance or modify the original loan, but only to the extent that*  
21 *the subsequent loan was used to pay debt incurred to acquire,*  
22 *construct, or substantially improve the real property.*